

7 Pricing Proposal

This section describes the format and content of Bidder's pricing responses. This portion of the proposal must be bound and sealed separately from the remainder of the proposal. Cost data must not be shown in any other part of the Proposal. Non-compliance with these requirements will result in disqualification. Unless noted otherwise, prices quoted shall apply for the duration of the term of contract. Quoted prices shall be irrevocable for 180 days following the scheduled date for Contract Award specified in Section 1.5, Key Action Dates.

Bidders should be conscious of the effect of cost neutrality on the amount anticipated to be available for funding this project. EBT operations for food stamps in California must be at least cost neutral in relation to the paper-based issuance systems. In other words, the cost for all EBT services for food stamps cannot exceed the costs of the present paper-based benefit delivery systems that will be replaced by EBT. The State reserves the right to reject any and all proposals that are not within this parameter.

7.1 Pricing Response Schedules

Bidders shall present their proposed project prices in the formats provided in this section. If an item has no cost, enter the numeral "0" rather than leaving a blank. If any character other than a numeral is used (e.g., a dash) or an item is left blank, the State will assume the cost of the item to be zero. The Schedules are to be used in the format presented (i.e., do not make any additions, deletions, or changes to the Schedules). Responses that do not provide price proposals in the required format will be considered non-responsive (See Section 2.3.8.4, Errors in the Final Proposal) and will not receive further consideration.

7.1.1 Pricing for Design, Development, and Implementation

Design, Development, and Implementation costs will be paid separately from the core services bid for the operation of the EBT system. Bidders must provide pricing for each phase. Bidders must provide cost information that supports the cost of each phase. The supporting cost information must include an explanation of the methodology and assumptions used to arrive at the cost. Bidders must clearly explain the relationship between the supporting cost information and the cost. Bidders may submit the supporting cost information in any format. The supporting cost information will be considered part of the price proposal for contractual purposes. The price must include, but is not necessarily limited to, the costs for each of the following tasks:

Design Phase: Begins with the contract award and ends when the system is ready for coding and testing. The associated tasks include the following:

- Finalizing Project Work Plan
- System design, documentation, and design review
- Joint Application Development
- Drafting Operations and User's Manuals
- Drafting training materials
- Drafting System Test Plan and procedures
- Finalizing the Statewide Implementation Plan

Development Phase: Begins with coding and testing and ends when the system is ready for deployment in the pilot county. The associated tasks include the following:

- Developing and testing system software
- Developing and testing interfaces
- Finalizing Users' Manuals, training materials, and System Test Plans
- Performing the Functional Demonstration
- Performing the Acceptance Tests
- Finalizing System Design Documentation

SCHEDULE 1a: DESIGN & DEVELOPMENT

Phase	Cost
Design	
Development	
Total	

Implementation Phase: Begins with the deployment of the system in the pilot county and ends with the conversion of the final case in the final region. The associated tasks include, for example, the following:

- Training staff, retailers, and recipients
- Card issuance and PIN selection

SCHEDULE 1b: IMPLEMENTATION

County	Cost	
	Food Stamps	Cash Assistance
Alameda		
Alpine		
Amador		
Butte		
Calaveras		
Colusa		
Contra Costa		
Del Norte		
El Dorado		
Fresno		
Glenn		
Humboldt		
Imperial		
Inyo		
Kern		
Kings		

Lake		
Lassen		
Los Angeles		
Madera		
Marin		
Mariposa		
Mendocino		
Merced		
Modoc		
Mono		
Monterey		
Napa		
Nevada		
Orange		
Placer		
Plumas		
Riverside		
Sacramento		
San Benito		
San Francisco		
San Joaquin		
San Luis Obispo		
San Mateo		
Santa Barbara		
Santa Clara		
Santa Cruz		
Shasta		
Sierra		
Siskiyou		
Solano		
Sonoma		
Stanislaus		
Sutter		
Tehama		
Trinity		
Tulare		
Tuolumne		
Ventura		
Yolo		
Yuba		
Total		

NOTE: The cost to implement cash assistance shall be shown for each county whereas the cost to implement food stamps shall be shown as a total statewide cost.

7.1.2 Pricing for Core Services

Price quotations for core services shall include all costs associated with the operation of the EBT system. Pricing for optional services and equipment shall not be included on Schedule 2, as separate schedules are provided to capture these costs.

Core services costs shall be quoted as a cost per case per month (CPCM). The CPCM represents the fixed cost to deliver the specified category of services to a single case for one month. A "case" is defined as the single beneficiary unit receiving benefits from one or more programs through a single account. For example, a beneficiary unit receiving food stamps through a single account would represent a food stamp only case or account. Similarly, a beneficiary unit receiving one or more cash benefits through a single account would represent a cash only case or account. A beneficiary unit receiving both food stamps and cash assistance through two or more accounts would represent a single, combined case. The Bidder shall apply the quoted CPCM to all active cases (i.e., cases for which one or more benefit authorizations have been posted during the billing month).

Pricing will be volume based or "tiered", dependent upon the actual number of active cases on the EBT system. While program specific caseload data presented in Appendix D may be used to project caseload and transaction volume, caseload levels are not guaranteed. Due to program changes and other factors affecting the programs, the projected caseload volumes are subject to change. Cash assistance and food stamp caseloads have at times increased or decreased. Therefore, Bidders must provide a price for each pricing tier shown on Schedule 2. The price must include, but is not necessarily limited to, the costs for each of the following:

- Account Set-up and Benefit Authorization
- Account Maintenance
- Transaction Processing
- Toll Free Pay Telephone Calls
- Customer Service
- Audio Response Unit
- Retailer Management
- Batch Processing
- Settlement
- Reporting

Bidders must provide pricing for core services for each of the following caseload volumes and programs. Monthly billings to the State shall be based on the quoted CPCM in the pricing tier that corresponds to the total actual number of active cases systemwide. For example, if the total number of active food stamp only cases, cash assistance only cases, and combined food stamp and cash assistance cases in a month equals 400,000 cases, then tier 4 pricing would be used for each category.

The CPCM shall be the total compensation to the Bidder for the core services described in this section.

SCHEDULE 2: CORE SERVICES

Tier	Cases	Food Stamps Only	Cash Only	Combined
1	1 – 100,000			
2	100,001 – 200,000			
3	200,001 – 300,000			
4	300,001 – 400,000			
5	400,001 – 500,000			
6	500,001 – 600,000			
7	600,001 – 700,000			
8	700,001 – 800,000			
9	800,001 – 900,000			
10	900,001 – 1,000,000			
11	1,000,001 – 1,100,000			
12	1,100,001 – 1,200,000			
13	1,200,001 – 1,300,000			
14	1,300,001 – 1,400,000			
15	1,400,001 – 1,500,000			
16	1,500,001 – 1,600,000			
17	1,600,001 – 1,700,000			
18	1,700,001 – 1,800,000			
19	1,800,001 – 1,900,000			
20	1,900,001 – 2,000,000			
21	Over 2,000,000			

NOTE: Each FSP case will be provided an unlimited number of food stamp POS transactions at no charge each month, and each cash assistance case (CalWORKs or GA) shall be provided four (4) government supported cash withdrawal transactions per month¹. Any costs to the Contractor for such transactions will be considered core costs and not charged or accounted for separately.

7.1.3 Pricing for County Specific Services

This pricing category is for optional services that are specific to a particular county. They include:

7.1.3.1 Card Issuance

For issuance of new or replacement cards after conversion, each county shall have the option to issue cards over-the-counter or have the Contractor mail cards to the recipient. Bidders shall present on Schedule 3 pricing table the unit cost to have the Contractor mail cards to the recipients. Counties electing this option will pay only for the actual number of cards issued.

¹ See Section 5.10, Cash Access Plan, regarding the inclusion of ATM transactions.

7.1.3.2 PIN Issuance

The State intends to have all PIN selection occur face-to-face, but in the future may consider mail-based PIN issuance as a county option for both new and replacement cards. Bidders shall present on Schedule 3 pricing table, the unit cost to have the Contractor mail PINs to the recipient. Counties electing this option will pay only for the actual number of PINs issued.

7.1.3.3 Coupon Conversion

Each county shall have the option of storing coupons and converting electronic benefits to food coupons locally or having the Contractor handle food coupon conversion for recipients who are leaving the EBT project area and request to have their electronic benefits converted to food stamp coupons. This service shall be priced on Schedule 3 as a cost per unit.

SCHEDULE 3: COUNTY SPECIFIC SERVICES

Item	Cost Per Unit
New/Replacement Card Issuance	
PIN Issuance	
Coupon Conversion	

7.1.4 Pricing for POS Terminals

POS terminals will be paid by the State or retailer at a fixed cost per unit. Pricing for this equipment must be provided on Schedule 4a and 4b in two ways: 1) As a cost per unit to purchase equipment, and 2) as a per unit lease fee. The State reserves the right to select the payment method, either up-front payment for POS terminal deployment or payment on a per unit lease fee basis. The State intends to pay the lease fee only for the actual number of terminals deployed in the State during the monthly billing period.

A retailer with less than \$100 per month in Food Stamp redemptions may arrange to obtain its own POS terminals at its own expense. In addition, any retailer can request terminals to be installed at its own cost in addition to the maximum number of POS devices that the State will provide at no cost to the retailer.

POS equipment includes the terminal, PIN pad, printer, cabling and supporting software and other peripheral equipment necessary to support POS functionality. Pricing must include costs for delivery and set-up and must be broken down into the components shown in Schedules 4a through 4d.

SCHEDULE 4a: PURCHASE OF POS EQUIPMENT

Item	Cost Per Unit
POS Equipment	

SCHEDULE 4b: LEASE OF POS EQUIPMENT

Item	Monthly Lease Fee Per Unit
POS Equipment	

SCHEDULE 4c: MAINTENANCE OF POS EQUIPMENT

Item	Monthly Cost Per Unit
POS Equipment	

SCHEDULE 4d: PHONE LINES FOR POS EQUIPMENT

Item	Monthly Cost Per Unit
Phone Line	

7.1.5 Pricing for Administrative Equipment

CWD offices may be equipped with at least one administrative terminal, a card embosser and a PIN selection device for over-the-counter card issuance. Refer to the Bidders' Library for a listing of CWD offices. Administrative terminals must also be provided for State offices and the FNS Field office.

Pricing for this equipment must be provided on Schedule 5 in two ways: 1) As a cost per unit to purchase equipment, and 2) as a per unit lease fee. The State intends to pay the lease fee only for the actual number of terminals deployed in the State during the monthly billing period. The State reserves the right to select the payment method. Bidder should also note the State reserves the right to mix and match payment methods by type of equipment. Pricing must include costs for delivery and set-up and must be broken down into the components shown in Schedules 5a through 5c.

The Contractor shall supply administrative function software and communication protocols so that administrative transactions may be initiated from government-owned terminals or PCs at no cost.

SCHEDULE 5a: PURCHASE OF ADMINISTRATIVE EQUIPMENT

Item	Cost Per Unit
PIN Selection and Encryption Device	
Card Embosser	
Administrative Terminal	

SCHEDULE 5b: LEASE OF ADMINISTRATIVE EQUIPMENT

Item	Monthly Lease Fee Per Unit
PIN Selection and Encryption Device	
Card Embosser	
Administrative Terminal	

SCHEDULE 5c: MAINTENANCE OF ADMINISTRATIVE EQUIPMENT

Item	Monthly Cost Per Unit
PIN Selection and Encryption Device	
Card Embosser	
Administrative Terminal	

7.1.6 Pricing for Personnel Billing Rates**7.1.6.1 Change Order Rate**

The Bidder is to list here the personnel costs associated with design and development work that may be charged for future changes. Bidders must include fully loaded hourly rates by category of personnel on Schedule 6a. . If the Bidder proposes staff in addition to those identified in Schedule 6a, the Bidder shall enter the average hourly rate of the combined additional staff in the "other" category of Schedule 6a. These rates will be adjusted annually using the Consumer Price Index (CPI).

SCHEDULE 6a: CHANGE ORDER RATE

Position Title	Hourly Rate
Project Manager	
Programmer/Analyst	
Programmer	
Other	
TOTAL	

7.1.6.2 Pricing for EBT System Innovation

The State is interested in obtaining input from the Contractor regarding system innovations that will enhance or improve the EBT system. Bidders must include fully loaded hourly rates by category of personnel on Schedule 6b. These rates will be adjusted annually using the Consumer

Price Index (CPI).

SCHEDULE 6b: SYSTEM INNOVATION RATE

Position Title	Hourly Rate
Project Manager	
Business Process Specialist	
System Analyst	
Applications Analyst	
TOTAL	